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SUBJECT: FINLAND - TEXTILES AND APPAREL PRODUCTION
UPDATE

REF: SECSTATE 114799

[¶1.](#) Following is 2006 data for Finland (1 EUR=1.25 USD) keyed to ref request:

--Total industrial production: 159.9 billion USD
--Total textile and apparel production: 1,413 million USD--Textile and apparel share of Finland's importsexports: 3.2%/0.%
--Exports of textiles and apparel to the US: 39.6 million USD
--Total manufacturing employment: 465 000
--Total textile and apparel employment: 8 576

[¶2.](#) Finland's traditional textile industry, manufacturing cotton, woolen and other fabrics, has almost disappeared. Manufacture of Finnish clothing is increasingly taking place in Asian countries, especially in China. Only one tenth of clothes sold in Finland are produced in the country.

[¶3.](#) According to the Board of Customs, China accounts for approximately 29 percent of clothing imports to Finland. The real figure is estimated at about 35 percent, as many garments imported from other countries, such as Sweden and Denmark, are in fact manufactured in China. In 2006, total textile and apparel imports to Finland amounted to 2.207 billion USD (from China, Germany, Sweden and Estonia) and the Finnish textile and fashion industry exported goods worth 697.5 million USD (to Russia, Sweden, Estonia and Germany). Imports in the textile industry greatly exceed exports.

[¶4.](#) Finland's textile industry, mainly small or medium sized enterprises geographically scattered around Finland, has gone through a massive modernization process in the past few years. The industry has been forced to concentrate on its core competencies (design, marketing and sales operations) and outsource the less-strategic operations in order to survive. Due to heightened international competition and increasing production costs in Finland, Finnish textile companies have moved production to lower cost countries (mainly China and Estonia). Both the number of employees and the number of textile and apparel establishments in Finland decreases every year. Today the Finnish textile and clothing industry employs less than 10 000 workers, compared with 70 000 in the 1970s boom years. The number of employees decreased by almost nine percent, and the number of textile and clothing establishments dropped by almost two percent from

2005 to 2006.

15. Finnish textile and apparel companies are searching for cost benefits through subcontracting from Asia. In Finland subcontracting is used in the textile industry more often than in the world on average, consequently the Finnish textile industry turnover has continued to increase, although the actual textile and apparel production is decreasing in Finland.

16. Finland's northern location, the dramatic changes in climate from season to season, and the small size of the local market have caused the textile and apparel industry to specialize. Finnish clothing manufacturers have significant market shares in various types of outdoor clothing with very precise requirements. These include clothes for skiing, hiking, hunting and tobogganing. The industry specializes in professional and work clothing that adds to safety and productivity, as well as daily fashion. The Finnish textile and clothing industry's products combine technical properties with elements of Nordic design and high commercial quality. With these changes - specialization, shift to subcontracting and investment in low-wage countries - the Finnish textile and apparel industry should be able to survive.

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